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PAGE 01 MOSCOW 08884 261419Z

10

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 /020 W
----- 062632

R 261303Z JUN 75

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1614

INFO USDOC WASHDC

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USDOC FOR BEWT/TPD

E.O. 11652 N/A

TAGS: BTRA, BEXP, UR

SUBJ: SOVIET TOURISM: WESTERN HELP WANTED, BUT ONLY ON SOVIET TERMS

REF: STATE 133999

1. SUMMARY - SERGEY NIKITIN, CHAIRMAN OF MAIN ADMINISTRATION FOR FOREIGN TOURISM, SAYS SOVIETS WASNT ASSISTANCE FROM WESTERN FIRMS TO DEVELOP TOURISM, INCLUDING HOTEL CONSTRUCTION, BUT ON SOVIET TERMS: SUCH CONDITIONS "WHICH RESEMBLE ONES TAKEN FROM AN ARSENAL SURVIVING FROM THE COLONIAL ERA" AS WESTERN PARTICIPATION IN AMANGEMENT OF AND RECEIPT OF PART OF INCOME FROM COMPLETED HOTEL PROJECTS ARE COMPLETELY UNACCEPTABLE. IN OTHER PARTS OF JUNE 25 INTERVIEW WITH "LITERATURNAYA GAZETA" NIKITIN CLAIMS SOVIET TOURISTS HAVE MORE FREEDOM TO TRAVEL THAN DO WESTERNERS WHO "IN MILLIONS" EITHER UNEMPLOYED OR TOO POOR FOR TOURISM; PROBLEMS IN OBTAINING VISAS AND HIGH TRAVEL COSTS ACCOUNT FOR LOW NUMBER SOVIET TOURISTS VISITING WEST; ANY RESTRICTIONS ON SOVIET TRAVELERS' CONTACTS WITH LOCAL POPULATIONS ARE RESULT OF LOCAL GOVERNMENT ACTIONS AND NOT SOVIET AUTHORITIES; SOVIETS PLANNING FOR NUMBER FOREIGN TOURISTS TO USSR AND SOVIETS TRAVELING ABROAD TO DOUBLE EVERY FIVE YEARS THROUGH 1990, WITH PARTICULARLY LARGE INFLUX EXPECTED FOR 1980 OLYMPICS. END SUMMARY.

2. NIKITIN INTERVIEW, ENTITLED "INTERNATIONAL TOURISM AND PERSONAL FREEDOM", INTENDED LARGELY TO PROVE SOVIETS ENJOY TRUE
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FREEDOM OF TRAVEL, SINCE GOVERNMENT PROVIDES FOR "BASIC SOCIAL

INTERESTS OF WORKERS" INCLUDING PAID GROUP TRAVEL, WHILE WESTERNERS HAVE ONLY "LITMUS-PAPER" FREEDOM BUT ARE PREVENTED FROM ENJOYMENT OF OPPORTUNITIES BY LACK OF MONEY. ARTICLE CONTRASTS TOURIST BROCHURES SHOWING "LUXURIOUS NIGHTLIFE OF HAWAII" WITH "MILLIONS OF UNEMPLOYED AND HUNDREDS OF MILLIONS OF POOR" IN WEST.

3. NIKITIN CITES INCREASE IN SOVIETS TRAVELING ABROAD FROM ONE MILLION IN 1965 TO 2.2 MILLION IN 1974, VISITING TOTAL 123 COUNTRIES, IN EFFORT TO DISPROVE CLAIM OF "BOURGEOIS PRESS" THAT SOVIET CITIZENS CAN TRAVEL ONLY IN LIMITED NUMBERS AND TO CERTAIN COUNTRIES. NIKITIN ADMITS THAT OVER 60 PERCENT OF TOTAL TOURISM TO AND FROM USSR IS WITH OTHER "BROTHERLY SOCIALIST COUNTRIES", AND SAYS SHARE WILL INCREASE UNDER 1976-80 JOINT PLANS NOW BEING COMPLETED WITH CEMA COUNTRIES. ALSO MENTIONED ARE AGREEMENTS WITH ITALY, LEBANON, IRAQ AND FINLAND ON TOURISM COOPERATION AS WELL AS TOURISM SECTIONS OF ECONOMIC AND CULTURAL AGREEMENTS WITH FRANCE, WEST GERMANY, US, CANADA AND GREAT BRITAIN.

4. ACCORDING TO NIKITIN EXPLANATION FOR LOW NUMBERS OF SOVIET TOURISTS VISITING WESTERN COUNTRIES LIES NOT IN SOVIET RESTRICTIONS BUT IN PROBLEMS OF OBTAINING VISAS AND HIGH COSTS INVOLVED. NIKITIN NOTES THAT HE IS "LEAVING ASIDE FACT THAT OUR PARTNERS (PRIVATE TOURIST FIRMS) NOT ALWAYS ARE PREPARED TO RECEIVE SOVIET TOURISTS DUE TO LACK OF SPACE IN HOTELS AND ON TRANSPORT, SINCE IN THIS RESPECT WE ARE ALSO NOT WITHOUT FAULT AND WE SOMETIMES DO NOT HAVE SPACE". WITH REGARD TO VISAS, NIKITIN CLAIMS SOVIET TOURIST VISAS ARE ISSUED SEVEN DAYS AFTER APPLICATION, WHILE SOVIETS MUST WAIT 20 DAYS FOR ITALIAN, 3 WEEKS FOR US OR BRITISH, AND ONE MONTH FOR SWISS, WEST GERMAN OR JAPANESE VISA. HE CONTRASTS STABLE COST OF SOVIET GROUP TOURISM AND "ONLY INSIGNIFICANTLY" INCREASED COST INDIVIDUAL TOURS WITH WESTERN INFLATION DURING PAST FIVE YEARS WHICH RESULTED IN FOLLOWING INCREASES FOR ONE TOURIST-DAY: FINLAND FROM 11 TO 18 RUBLES; AUSTRIA-12 TO 21 RUBLES; ITALY-14 TO 20 RUBLES; UK-15 TO 22 RUBLES; FRANCE-19 TO 25 RUBLES; WEST GERMANY-19 TO 28 RUBLES. SINCE OTHER AVAILABLE FOREIGN CURRENCY IS REQUIRED FOR "MORE IMPORTANT PURPOSES OF NATIONAL ECONOMY THAN TOURISM", NIKITIN SAYS ALL COSTS FOR SOVIETS TRAVELING IN WEST MUST BE COVERED BY INCOME FROM FOREIGN TOURISTS LIMITED OFFICIAL USE

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VISITING USSR; HE CLAIMS AS NECESSARY TO COVER HIGH COSTS RATIO OF THREE FOREIGN TOURISTS PER SOVIET TRAVELER. NIKITIN ATTRIBUTES TRAVEL OF SOVIETS IN GROUPS AND CONCENTRATION ON CERTAIN LESS-EXPENSIVE COUNTRIES TO NEED MINIMIZE PER CAPITA COSTS AND THUS INCREASE OPPORTUNITIES. ASSISTANCE TO SOVIET TOURISTS INCLUDES "SIGNIFICANT REDUCTIONS ON TICKETS" BY AEROFLOT AND PARTIAL OR FULL PAYMENT BY TRADE UNIONS AND ENTERPRISES FOR

WORKERS' TRAVEL.

5. CITING RECENT ARTICLE BY JAMES CAMERON IN BRITISH PAPER, "GUARDIAN", WHICH REPORTEDLY CLAIMED MEMBERS OF SOVIET TOURIST GROUP NO. 60 WERE NOT PERMITTED BY SOVIET GUIDE TO TALK WITH LOCAL POPULATION DURING VISIT TO INDIA NOR WERE THEY ALLOWED TO VIEW MAKHABLIPURAM TEMPLE IN MADRAS DUE ITS "IDEOLOGICAL DIVERSIONS", REPORTER ASKED NIKITIN IF ANY TRUTH IN ITEM. NIKITIN CLAIMED THAT EVERY SOVIET TOURIST VISITING MADRAS GETS GOOD LOOK AT ALL TEMPLES AND HAS AMPLE OPPORTUNITY MEET WITH SUCH "POPULAR GROUPS" AS ALL-INDIAN WOMEN'S FEDERATION AND INDIAN-SOVIET CULTURAL SOCIETY. MANY SOVIETS TOURISTS RETURN FROM WESTERN COUNTRIES, ACCORDING NIKITIN, WITH "SENSE OF DIS-APPOINTMENT" BECAUSE TOURIST AGENCIES ARE UNABLE ARRANGE VISITS TO PLANTS AND OTHER INDUSTRIAL SITES, SAYING OWNERS OR OFFICIALS UNWILLING PERMIT SOVIETS ENTER GATES. IN CONTRAST SOVIET ENTERPRISES, SUCH AS BAKERIES 5 AND 15 (MOSCOW) AND THE FIRST STATE BALL-BEARING PLANT (MOSCOW) GLADLY RECEIVE FOREIGN GUESTS: ACCORDING INTOURIST STATISTICS THERE WERE 153,000 INDUSTRIAL PLANT VISITS, 208,000 FARM VISITS, AND 530,000 SOCIAL AND CULTURAL ENTERPRISE VISITS IN USSR DURING 1974.

6. LOOKING TO FUTURE NIKITIN SAYS SOVIETS ARE PLANNING ON DOUBLING OF TOURISTS EACH WAY EVERY FIVE YEARS THROUGH 1990, WITH PARTICULARLY LARGE INFLUX EXPECTED FOR 1980 OLYMPICS. PREPARATIONS INCLUDE CONSTRUCTION OF MANY NEW HOTELS AND MODERNIZATION OF EXISTING STRUCTURES IN 35 SOVIET CITIES DURING RECENT YEARS. NIKITIN STRESSED THAT "CONTINUING ATTENTION" OF CENTRAL COMMITTEE AND SOVIET GOVERNMENT GIVEN TO TOURISM DEVELOPMENT. MAIN FOCUS WILL BE MOSCOW, WHERE NIKITIN'S MAIN ADMINISTRATION FOR FOREIGN TOURISM WILL DEVELOP 20,000 NEW HOTEL BEDS BY 1980, WITH ADDITIONAL FACILITIES BEING DEVELOPED BY MOSCOW CITY COUNCIL, TRADE UNIONS AND OTHER SOVIET ORGANIZATIONS. LIMITED OFFICIAL USE

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7. NIKITIN CITES YUGOSLAV-BUILT HOTEL COMPLEXES IN YALTA AND SOCHI AND DISCUSSIONS WITH HUNGARIAN CONSTRUCTION FIRMS ON OTHER HOTEL PROJECTS AS EXAMPLE OF SOVIET DESIRE TO ENLIST FOREIGN COOPERATION IN TOURISM DEVELOPMENT. SOVIETS ARE ALSO STUDYING PROPOSALS FROM SEVERAL PRIVATE FIRMS IN FRANCE, SWEDEN, AND US FOR NEW HOTEL CONSTRUCTION IN MOSCOW, LENINGRAD AND KIEV. NIKITIN GOES ON TO FLATLY REJECT ANY SCHEME FOR SHARING OF IN-COME OR MANAGEMENT RESPONSIBILITY WITH WESTERN COMPANIES, SAYING THAT "UNFORTUNATELY, IN THE WEST THEY HAVE NOT CEASED TRYING TO TIE US TO UNACCEPTABLE CONDITIONS". THE SOVIETS, IN HIS WORDS, LOOK ON A WESTERN MANAGEMENT ROLE AND SHARING INCOME FROM THE COMPLETED HOTELS AS "CONDITIONS. . . SURVIVING FROM THE COLONIAL ERA".

8. COMMENT: WE HAVE HEARD THAT DEPUTY MINISTER NOVIKOV OF MINISTRY OF CONSTRUCTION INDUSTRY, PRESENTLY IN US AS PART OF SOVIET DELEGATION UNDER JOINT HOUSING AGREEMENT EXCHANGE, INTENDS DISCUSS HOTEL CONSTRUCTION WITH USSR FIRMS. IN ADDITION PLANS ARE APPARENTLY MOVING AHEAD FOR SOVIET TOURISM GROUP TO VISIT US IN RETURN WASHBURN DELEGATION MOSCOW VISIT IN SEPTEMBER 1974 (AMEXCO REP INFORMED US HIS NEW YORK OFFICE MAKING PREPARATIONS). DESPITE THESE POSITIVE SIGNS, HOWEVER, CHANCES FOR SIGNIFICANT INVOLVEMENT US FIRMS IN SOVIET HOTEL PROJECTS SEEM DIMMER IN VIEW RATHER STRONG REJECTION BY SOVIETS OF TRMS CONSIDERED ESSENTIAL BY MOST WESTERN NOMPANIES. UNLESS SOME MIDDLE-GROUND CAN BE FOUND BETWEEN WESTERN "COLONIAL ERA" ARRANGEMENTS AND THE REQUIREMENTS OF "ADVANCED SOCIALISM", THERE WILL BE NO MOSCOW HILTON OR "TWIN BRIDE MARRIOTT ON THE NEVA" TO GREET VISITORS TO THE 1980 OLYMPICS. ON OTHER HAND, NIKITIN'S POSITION POSES NO PROBLEMS FOR WESTERN COMPANIES INTERESTED SOLELY IN CN-STRUCTION OF NEW HOTEL FACILITIES IN USSR, AS THESE COMPANIES HAVE NO INTEREST IN ON-GOING MANAGEMENT RELATIONSHIP INVOLVING HOTELS WHICH THEY CONSTRUCT. IN FACT, WE UNDERSTANT THAT FRENCH GROUP IN WHICH US FINANCIER DAVID KARR IS PLAYING ACTIVE ROLE CONSIDERS LACK OF ON-GOING RELATIONSHIP A POSITIVE ADVANTAGE SINCE KARR BELIEVES THAT INTOURIST WOULD PROVE A DIFFICULT, IF NOT IMPOSSIBLE, PARTNER FOR SUCH A JOINT OPERATION.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MOSCOW08884
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750222-1122
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750613/aaaaalwv.tel
Line Count: 192
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 133999
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 11 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 JUN 2003 by CunninFX>; APPROVED <28 OCT 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SOVIET TOURISM: WESTERN HELP WANTED, BUT ONLY ON SOVIET TERMS
TAGS: BTRA, BEXP, UR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006